



Materiality Assessment Report

2022

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Introduction

The materiality assessment of our sustainability efforts serves as the foundation of our sustainability strategy. It helps us identify the most significant sustainability issues facing the company, and guides our efforts in addressing them. By regularly conducting this assessment, we ensure that our sustainability strategy remains relevant and aligned with our business goals and the expectations of our stakeholders.

Materiality assessment is an integral component of our ESG disclosures. We want to carry out this activity on a regular basis due to significant changes in company operations, the external environment, geographic expansion, and global trends, among other things. With the involvement of internal and external stakeholders, a formal process has been created for the materiality assessment.

In H2 2022, Ipca Laboratories conducted a materiality assessment to identify the sustainability issues that are most significant for the company. This assessment was partially carried out to make sure that the most important issues are consistently emphasized and discussed in the ESG Report. The result of this assessment is the Materiality Matrix which shows the most significant issues facing the company based on a combination of their impact on the company and their importance to external stakeholders.

Goals and Vision



Initially, we aim to engage stakeholders and secondary industry sources to assess risk and determine the environmental, social, and governance issues that are most material to Ipca's business operations, based on extensive research both within and outside the organization.

Taking into consideration the opinions and views of all stakeholders, we will be able to pinpoint issues that not only have a significant financial impact on the company but also have an effect on our own social and environmental footprint as a company

The results of this assessment, in our opinion, will help us redefine our ESG priorities and will also be crucial in determining the short- to long-term course of the company plan.

Our assessment

Stakeholder identification

Stakeholders at all levels hold a very important position in a business thereby making the identification of essential stakeholders an integral part of the assessment. To ensure that our materiality assessment accurately reflects the perspectives of all relevant stakeholders, we engaged with individuals from a wide range of stakeholder groups across the geographies where we operate. Our consultant and subject matter experts provided guidance on how to identify these individuals and ensure that their perspectives were fairly represented in the assessment. By engaging with a diverse group of stakeholders, we were able to gain a comprehensive understanding of the most important sustainability issues facing the company.

Identifying ESG topics

The initial phase of the materiality assessment involved the identification of key material topics relevant to Ipca. Our list of sustainability topics was derived from a review of Ipca's disclosures and external sources. A megatrend analysis of the industry and appraisal of potential risks and opportunities for our company in the short medium to long term was used to identify the issues. Additionally, local analyses conducted by various Ipca's affiliates worldwide, consumer insights, public health debates, ESG investor topics and rating requirements international sustainability disclosure frameworks including the Sustainability Accounting Standards Board (SASB) and the Morgan Stanley Capital International (MSCI) Index were used as references for materiality topics pertinent to the healthcare and pharmaceuticals sector.

ESG Material

Topics

The thorough research resulted in the list of 14 identified topics which were further analysed objectively based on their importance and relevance to Ipca Laboratories. These 14 topics were then evaluated and prioritised, based on the risks mapped along Ipca's value chain. These topics were further categorized into environmental, social, and governance pillars.

Environment	Social	Governance
Energy and Emissions	Human Resource Development	Business Conduct and Ethics
Waste Management	Diversity and Inclusion	Access and Affordability
Water Stress	Sustainable Supply Chain	Product Quality and Safety
Research and Development	Human Rights	Data Privacy and Digitalisation
	Community Relations and Social Impact	Selling Practices & Product Labelling

Methodology

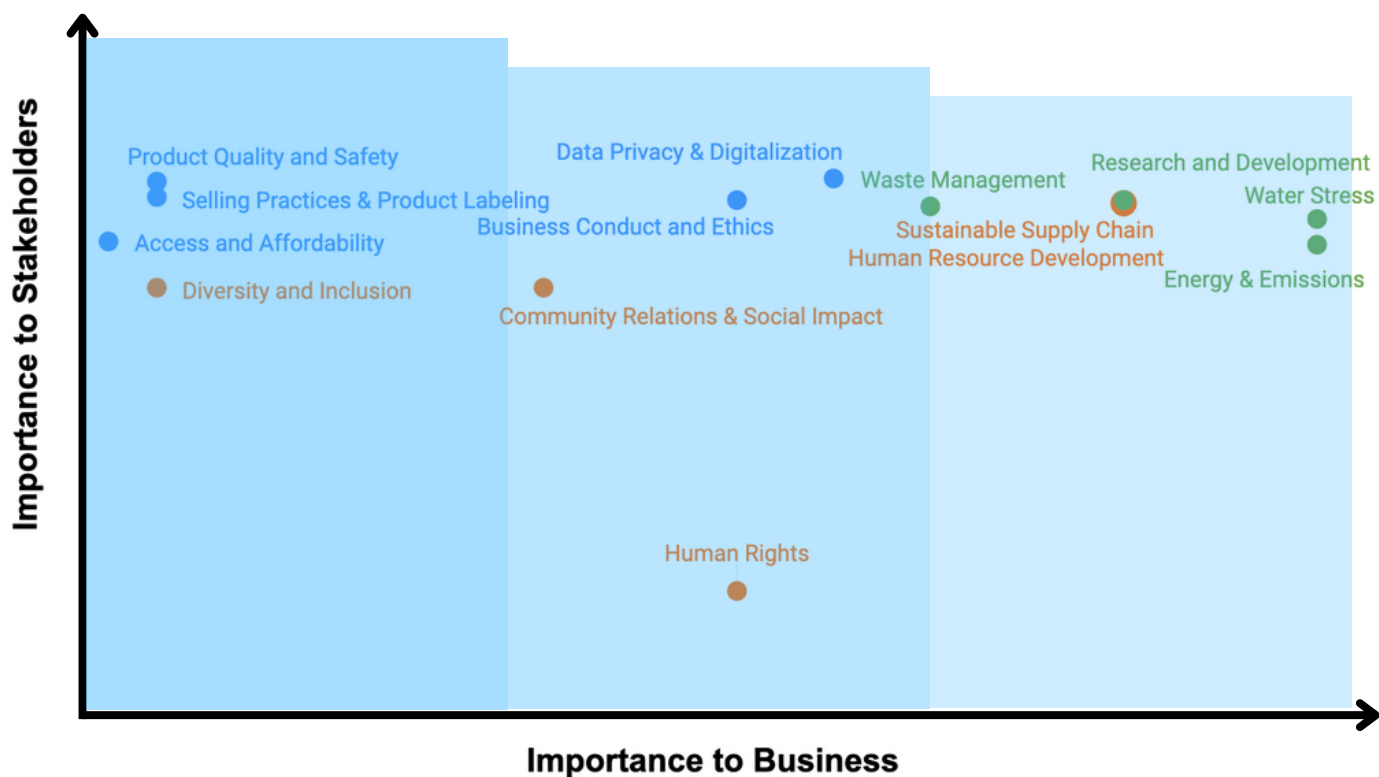
To gather the perspectives of our stakeholders on the list of environmental, social, and governance (ESG) topics we had identified, our consultant conducted in-depth qualitative interviews and an online survey. This allowed us to gain a thorough understanding of how these topics are perceived by our stakeholders and how important they are to them.

To gather quantitative data on the importance of different sustainability topics to our stakeholders, we conducted an online survey in which close to 50 stakeholders participated. The survey included a core question asking stakeholders to rate each of the identified sustainability material topics they believed were most important for the company to focus on, and to rank them in order of importance to the business. Of the participants, 94% were internal stakeholders and 6% were external stakeholders. This information was used to develop our materiality matrix, which presents the most significant sustainability issues facing the company.

Additionally, to evaluate the significance of identified sustainability material topics from the viewpoint of the government, regulators, etc., secondary research was used.

The results of our inward impact assessment, which identified the sustainability topics that carry the most significant risks and opportunities for our value creation, were used to inform the "X" axis of our materiality matrix. The insights from our outward impact assessment, which showed where we can have the most significant impact on the planet and society, were used to build the "Y" axis of the matrix. Finally, the perspectives of our stakeholders were incorporated by plotting each topic on the chart, depending on the importance they attributed to each topic in our survey and interviews.

Materiality Map



High	Medium	Low
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- Energy and Emissions
- Water Stress
- Research and Development
- Sustainable Supply Chain
- Human Resource Development

- Waste Management
- Data Privacy and Digitalisation
- Business Conduct and Ethics
- Community Relations and Social Impact
- Human Rights

- Product Quality and Safety
- Access and Affordability
- Selling Practices & Product Labelling
- Diversity and Inclusion

Materiality Assessment driving our Sustainable Business Strategy

The materiality Assessment report is not just about recognising the important ESG issues, but also formulating strategies and goals to ensure a sustainable business model. This materiality assessment report is a periodic assessment - a way for our organization to track its impact and improvements over time. This section outlines our strategy for continuing the good work done so far.

We have set goals for the material topics classified as a high priority in all 3 categories and we plan to actively measure and evaluate our performance.

The 5 material topics of high priority are:

- **Energy & Emissions** - Focus on increasing the fuel efficiency of processes and increased use of renewable energy
- **Water Stress** - Focus on reduced water consumption per unit of production
- **Research and Development** - Focus on investing in technological development aimed at reducing costs and adverse impacts on the environment
- **Sustainable Supply Chain** - integrating ethical & environmentally responsible practices such as using raw materials that have a relatively favourable environmental footprint, use of energy-efficient vehicles and EVs, and bulk procurement and supply.
- **Human Resource Development** - employ and periodically train an efficient and skilled workforce

The remaining 9 topics are important to us to be a responsible business and we plan to routinely evaluate our performance in these topics to maintain the trust and confidence of our stakeholders.



Ipca Laboratories Limited